

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY U.S.S.R./Poland/East Germany/
Communist China/Czechoslovakia

REPORT

SUBJECT Summary of Recent Events

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Attached are copies [redacted] dated 21 and 29 March 1957,
containing a discussion of recent events in the Sino-Soviet bloc.
These are forwarded to you for retention.

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21 March 1957

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1. Soviet Union

- a. Available reports on the Soviet statement against Euratom and the Common Market dated 16 March 1957 shows that the Soviets consider the economic integration of Europe a serious danger. They feel now confronted with a growing solid bloc of European countries with which it is much more difficult to come to favorable economic terms than it was with individual countries toward which they could employ appropriate tactics to obtain, by way of bilateral agreements, Western economic aid they urgently require for themselves and the Eastern Bloc. If they are unable to prevent the common market, they will undoubtedly continue to increase their economic contacts with the West and to stress the economic aspects of foreign policy. Their proposal for mutual economic and financial assistance reflects a genuine desire for Western economic aid. They also consider Euratom and the Common Market a special menace, [redacted]

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[redacted] Efforts to harass the economic integration of Europe by all possible means will consequently continue [redacted] The above quoted note has already made reference to the "German danger", both economic and military.

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b.

[redacted]

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- c. Western political observers in Moscow believe that the troop pact with the GDR is not of substantial political importance but is an expression of the individual and modified political methods the Soviets are presently employing toward the Satellite countries. These observers feel that no change of the Soviet policy toward Germany is to be expected.
- d. According to available reports, the problem of Germany was also discussed in connection with the signing of the Polish-Soviet border agreement. Following up Moscow's political pressure policies toward Poland, Gromyko clearly warned Rapacki that the Polish Western border could only be maintained with Soviet backing.

2. Satellite

- a. The impasse of Gomulka, who had already to adjust himself to Soviet views to the extent that he termed the Hungarian October Revolution an "action of counterrevolutionaries", is clearly reflected in available reports, which showed that the only hope left to Poland is foreign economic aid. Before leaving for [redacted] Kotliki, the chief of the economic delegation outlined the critical aspects of such economic aid, as he said that Poland urgently need \$ 500,000,000 but could accept only about \$ 100,000,000 from [redacted] since a greater amount would only arouse Soviet distrust. He admitted that these \$ 100,000,000 were completely unsatisfactory. Gromyko, on the other hand, had stated that the Soviets would give economic aid only if the Polish newspapers refrained from criticizing the Soviet Union. A rigorous press censorship which Gomulka

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initiated to serve this purpose has the effect that Gomulka's supporters are unable to praise the October achievements and dissatisfaction is prevailing among the so-called left-wing intellectuals [redacted] and the farmers who want to abandon the kolkhozes system.

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[redacted] Hide-
spread anti-Soviet feelings prevailing in Poland were highlighted by a comment which a high-placed Polish official made. He said that it was unpardonable that the Soviets as friends of Poland completely ruined the economy of the country. Hyszech, the Soja Marshal, commented that they could not possibly arouse Moscow's ill-feelings, since they were aware that no one could help them in the event of bloodshed. He stated that the situation was tense, since the Polish people disliked the Soviets, as well as the Czechs and the GDR. He insisted, however, that it was necessary to preserve calm, because of the unpredictable consequences of disturbances. Special hatred prevails in the army which is fully trusted by both the government and the population in the event of unrest. The trip which Premier Cyrankiewicz made [redacted]

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[redacted] serves economic purposes, such as the procurement of raw materials needed in Poland and political objectives. These efforts to increase Poland's weight in the eyes of neutral and Communist foreign countries meet with the interests of the Chinese who consider it desirable that the satellites enjoy a certain freedom of motion in the Eastern Bloc.

- b. The invitation which the Chinese extended to a Czech government delegation has a similar political importance. Sending a 100-person delegation headed by Premier Syroky, the Czechs try to out-distance the Poles who will arrive in China only at a later date. The Czech delegation probably wants to obtain long-term agreements on deliveries of raw material from China in exchange for Czech exports of investment goods. An available report indicated that the Czechs were unexpectedly confronted in Peking with Chinese wishes. Syroky, who is a strong supporter of Soviet hegemony in the Eastern Bloc, is not prepared to enter into any obligations without the knowledge and consent of Moscow and the Czechs want to settle the bill for the good offices which Chou En Lai made to Moscow during the Satellite crisis only on Soviet orders. They consequently plan to make a stop-over in Moscow on their return trip.
- c. On 15 March, as had been expected, there were no disturbances in Hungary. The Kadar Government which primarily trusted in the "vigilance" of the Soviet forces, according to available reports, took the precaution of withdrawing the arms which had just been issued to the newly organized units of the workers' militia. After the unsuccessful efforts to establish a broader basis for the government by the enlistment of the collaboration of the Farmers' and Small Peasants' Parties, attempts are now being made to revive the so-called "Patriotic Popular Front" which is to include the mass organizations and labor groups but no other party except, of course, the Communist Party. On the basis of this plan, the workers are to be represented by the labor unions and workers' councils, which are scheduled to be reorganized first. The Kadar regime thus hopes to enlist the followings of other parties without involving the party organizations themselves. Dogmatic Communists warn, however, that the Patriotic Popular Front be not established along the lines of syndicalism, since this would give the workers too strong an influence by means of the labor unions and workers' councils.

3. Soviet Zone of Germany

- a. The Treaty of the Temporary Presence of Soviet Troops in the GDR which came later as had been announced immediately after the negotiations of the GDR delegation in Moscow in early January 1957 was now concluded and, basically, does not mean any change of the situation which has been in

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existence of many years. Article 2 stipulates that only changes of the strength and location of the Soviet forces be made the subject of consultations between the two governments. Article 1 which emphasizes that the sovereignty of the GDR is not in any way restricted by the presence of Soviet forces, is practically neutralized by Article 18, in which the USSR reserves to itself the right of taking all measures deemed necessary in the event of a threat to the security of the Soviet forces stationed in the Soviet Zone of Germany, with the High Command of these forces being the only agency to decide whether or not such an emergency situation is given. Since the GDR government would only then have to be consulted, the article is evidently meant to give the Soviet Union complete freedom of motion on an even legal basis in the event of disturbances in the GDR. A comparison of this pact with the pact the Soviets concluded with Poland shows that the Polish pact is less definite, does not contain the emergency clause and reserves the question of the strength and location of Soviet troops in Poland to a special agreement to be concluded later. The stipulations on the legal status of the personnel of the Soviet Armed Forces are almost identical in the two pacts, however. In the current negotiations with Kadar in Moscow which also involved the military status of Hungary, the Soviets will reserve to themselves at least as many possibilities of intervention as they did in the GDR.

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4. Red China

- a. A number of reports emphasized the political importance of the speech which Chou En Lai made on 5 March 1957 and in which he again wanted to underline Red China's right of being a party to all international questions. They stressed Chou's statements on Peking's relations with Moscow and with the Satellites in Eastern Europe. It is worth noting that, with reference to the Soviet statement on 30 October 1956, Chou pointed out that the Communist countries need not necessarily be agreed on all individual questions despite their basic solidarity. He evidently wanted to make it clear that Peking wishes for firm solidarity of the Communist Camp particularly because of the economic aid and the strategic backing which Red China wants to get from the Eastern Bloc, and at the same time wants to be considered the second capital of World Communism the views of which must be given more attention by Moscow.
- b. The present visits of representative Czech and Polish delegations, according to available reports, are also an indication that Peking wants to intensify its direct contacts with the countries of Eastern Europe and, thus, wishes for a certain measure of political freedom of motion for these countries.

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- e. Available reports show that Red China wants to expand her sphere of influence and increasingly follows up her propaganda campaigns by economic measures. Although the country had recently repeatedly to call on its own population to put up with certain economic deficiencies and accept a greater measure of austerity, Red China is making available considerable means for her economic aid program. Countries to which Peking granted economic aid include the Mongolian Peoples Republic, North Korea and North Vietnam, Cambodia, which received \$ 22,400,000 in economic aid

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29 March 1957

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1. USSE

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- a. Marshal Zhukov's sensational statements on the use of atomic weapons in a future war are not only intended as a warning, but are a move to win the USA for talks on a limitation of atomic armament, to re-emphasize Moscow's strength in its own orbit, and to serve as an indirect reply to the resolutions of the SEATO Conference

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- c. The importance of the Hungarian State visit to Moscow is being built up by the Soviets. Available reports indicate that, on top of favorable trading conditions, Hungary will receive additional Soviet commodity loans and freely convertible foreign currency credits under the planned Soviet-Hungarian trade agreement. Since the Hungarian aluminum production is at present handicapped by a shortage of electric power, Moscow is even prepared to do without Hungarian aluminum deliveries for some time to come.

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2. Satellites and Yugoslavia

- a. (1) Available reports on the situation in Poland indicate that the pro-Soviet wing of the Polish United Workers' Party (PUWP) is gaining ground inside and outside the Party. Contrary to Gomulka's original plans, the PUWP Central Committee Section for Party History has been reorganized into an independent Institute for Party History (IPH). There is reason to believe that the IPH will operate along Stalinist lines and consequently refrain from an independent interpretation of Poland's political past.
- (2) The fact that restorative tendencies are spreading even in Polish Labor Unions is shown by a Labor Union conference in early March which spoke against the newly-established workers' councils claiming that they had proved a failure under specific Polish conditions. Faced with the problem of how to preserve private business in the trade and skilled craft sector restored in last October, the enlarged executive board of the Polish Democratic Party, at its conference on 17 and 18 March, developed differences which could only be concealed from the Polish public by means of an insignificant communiqué.
- (3) After putting forward demands for the revitalization of agricultural collectives and for fight against Kulak-mindedness and the restoration of "Capitalist spirit" in agriculture, Osga-Michalecki, the leader of the pro-Communist wing of the Polish Farmers' Party, at a party conference on 18 March, launched heavy attacks against the Mikolajczak supporters who believed that they would regain control of the party. His statements which were not published in the Polish press led to tumultuous disputes with the result that the meeting had to be closed. The Polish Government which has set up a so-called "planning agency" from members of the PUWP and the Farmers' Party for the reorganization of Polish agriculture will, however, be faced with an obstinate attitude of the farmers who prefer agricultural cooperatives to collectives. It is worth noting in this context that an agricultural cooperatives' roof organization was founded in the Hujowodschaft Kielce, and that similar organizations are also envisaged for other Hujowodschaften.
- (4) In view of Poland's serious economic situation, the Polish population is pinning all its hopes on [redacted] economic aid and even regards it as a condition for Gomulka's survival. [redacted] Gomulka's position will continue to depend on the USSR even in the event of maximum Western aid. In the light of its own tense economic situation, Moscow will, however, find it very difficult to prevent a new crisis in Poland [redacted]

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- (2) As previously reported, considerable restiveness had broken out among the Hungarian minority in South Slovakia in connection with the Hungarian rebellion. According to available reports, between 1,500 and 2,000 members of the Hungarian minority, who were considered dangerous to the State in police records, were taken by force from the Czech-Hungarian border districts to the Olmütz, Gottwaldov and Iglaue areas.
- (3) The persistently rigorous internal course of the Czech leadership is reflected by the fact that at the first confidential meeting of the committees set up for the preparation of the elections to be held on 19 May 1957 for Kreis diets and municipal councils, Czech Minister of the Interior Barak declared that only reliable members of "National Front" parties must be nominated as candidates. Minister of Health Flojhar, the representative of the Catholic People's Party, promised that his party would nominate no candidates who had proved "a failure" during the Hungarian crisis. Deputy Minister President Kopecky's call for uncompromising fight against anti-Communist elements in the country must be seen along the same lines.
- (4) According to available reports, major differences of opinion developed within the Hungarian Communist leadership. In spite of the continued stiffening of the internal line which is reflected in Government measures such as the decree threatening potential anti-regime elements with internment, the political screening of the whole population, and the restoration of State supervision over [redacted] appointments, [redacted] because Kadar in Moscow again accused them of being responsible for resentments of the Hungarian population which had been exploited by counter-revolutionary elements.

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e. As regards Bulgaria, the internal feud between the pronouncedly pro-Stalinist Deputy Minister President Chervenkov and First Party Secretary Sivkov has become less acute after the return of the Bulgarian delegation from Moscow, despite Chervenkov's recent attacks on Sivkov when he blamed in a speech which he made before the activists of the "Patriotic Front" for being too soft in his attitude toward the opposition.

- d. Available reports show that in Yugoslavia Moshe Pijade's death has caused a gap hardly to be filled. It has not yet been decided who is going to take over Pijade's important function of convincing the West of Yugoslavia's indispensability as a mediator between the West and the East [redacted] Belgrade is even doubtful that Koca Popovic, State Secretary for Foreign Affairs, would be the right man for this job, although he claims to have found a good deal of understanding for Yugoslavia's role as a go-between [redacted] Rather than bringing concrete agreements, Popovic's visit [redacted] which is only one step in Yugoslavia's recent efforts to activate contacts with Western and neutral countries, was kept within the framework of an exchange of ideas, because Spank took the line that the "right hour" for the improvement of Socialist-Communist relations had not yet come.

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3. Soviet Zone of Germany

- a. The demonstrative visit to East Berlin of Soviet Foreign Minister Gromyko and Defense Minister Zhukov for the conclusion of the GDR Troop Stationing Contract is regarded in Pankow as a success for the SED in the direction of its efforts to stabilize the present situation in the GDR. In view of the fact that Pankow and Moscow are agreed that at the present stage the status quo in Germany must not be altered, SED functionaries tend to forget that, compared with the stipulations of the Soviet-Polish Troop Stationing Contract, the GDR is in an even more unfavorable situation. A leading SED functionary declared in this context that the SED was satisfied to see that the conclusion of the Troop Stationing Contract and the form of its

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signing meant a clear decision for Pankov and against Baum. This, however, did not fully eliminate the feeling of uncertainty prevailing among SED circles, he said.

- b. Following the hardening of the internal course in the GDR, the decrees recently issued by the Grotesohl Government on disciplinary punishment of university teachers, censors, contrary to previous regulations, not only the members of the Senate and the teaching staff of a university, but also the head of the Cadre Section and the so-called "social organization", i. e. SED-controlled Communist groupings, to demand disciplinary action against members of the teaching staff of a university. The scale of punishment includes, reproach, reprimand, severe reprimand and dismissal without notice. In this connection it is interesting to note that the appointment of Dr. Wilhelm Girmus to the post of GDR State Secretary for University Affairs has touched off considerable alarm among GDR university circles, because the GDR Secretariat for University Affairs is a melting-pot of the most conflicting personalities who are 95-percent non-partisan.

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- c. The intensified SED agitation and propaganda activities, including both sharp self-criticism of the insufficient achievements of the SED and threats toward potential protagonists and followers of a more flexible party line, are typical of recent efforts made by the SED Central Committee to re-establish tight control of the party cadres. It is frankly admitted that, so far, the SED has failed to fulfill all expectations, particularly because the columnar cadres of SED functionaries set up throughout the GDR are too unyielding and wavering in their ideological attitude. A leading SED functionary made it quite clear that, far from yielding positive results, the soft course of the SED had done great harm to the Party. Asked what the SED leaders planned to do to overcome the present dilemma, the functionary replied that the SED would have to concentrate its efforts on winning broad segments of the population for political and administrative cooperation. He went on to say that the non-partisan functionary under the guidance of top-trained SED cadre personnel would be the prototype of the political and social functionary in the future.

- d. The repeated postponements of the municipal and Kreis diet elections in the GDR must also be seen against SED efforts to reorganize and stabilize its party cadres. Rumors were heard in East Berlin that these elections would not be held before September 1957 and that the Presidium of the National Council of the National Front would lay down the necessary details at a conference scheduled for 28 and 29 March 1957 in East Berlin. While the latest municipal elections in the GDR were held on 15 October 1956 on the single-list system, the elections in October 1954 were confined to the GDR People's Chamber and the GDR Land diets.

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